

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)

HAWAIIAN ELECTRIC COMPANY, INC.)

DOCKET NO. 2007-0035

For approval of a waiver of Rule 13)
of HECO's Tariff to allow HECO to)
pay for a portion of the)
Underground Conversion Cost for)
Item P0001357, Kapolei Parkway Ext.)
12kV OH to UG Conversion -)
Kapolei Parkway Ext/North South)
Road Intersection)

DECISION AND ORDER NO. 23374

DIV. OF CONSUMER ADVOCACY
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

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Karen Higashi.
Chief Clerk of the Commission

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KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.

Karen Higashi.

In the Matter of the Application of)
HAWAIIAN ELECTRIC COMPANY, INC.)
For approval of a waiver of Rule 13) of HECO's Tariff to allow HECO to) pay for a portion of the) Underground Conversion Cost for) Item P0001357, Kapolei Parkway Ext.) 12kV OH to UG Conversion -) Kapolei Parkway Ext/North South) Road Intersection)

Decision and Order No. 23374

By this Decision and Order, the commission approves HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO")¹ request for a waiver of Rule 13 of its tariff ("Rule 13")² to allow HECO to contribute approximately \$21,296 to relocate existing 12.47kV overhead facilities to 12.47kV underground facilities for the Kapolei Parkway Extension at the North South Road intersection ("the Project").

²Approval of a waiver of Rule 13 is required by Decision and Order No. 20473, filed October 1, 2003, in Docket No. 03-0036.

I.

Background

A.

Application

On February 5, 2007, HECO filed an application requesting commission approval for a waiver of Rule 13 to allow HECO to contribute monies to convert the 12.47kV overhead line which crosses the proposed Kapolei Parkway Extension, at the North South Road intersection to underground ("Application").³ HECO filed its request pursuant to HECO's tariff Sheet No. 1.⁴

On March 28, 2007, HECO submitted a letter indicating that construction is expected to begin in August 2007 versus the March 2007 estimate indicated in the Application.⁵ The City and County anticipates completion of the infrastructure by October 2007 versus the May 2007 projection indicated in the Application.⁶

³HECO served copies of the Application on the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"), an ex officio party to this docket pursuant to HRS § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62. No persons moved to intervene or participate in this proceeding.

⁴HECO's tariff Sheet No. 1 states, in relevant part: "[t]he rules and rate schedules set forth herein have been fixed by order of the Public Utilities Commission of the State of Hawaii and may not be abandoned, changed, modified or departed from without the prior approval of the [c]ommission."

⁵See HECO's March 28, 2007 letter to the commission.

⁶Id.

Project Description

The Project involves the conversion of existing 12.47kV overhead line between poles P.9/198X and P.11/198X that crosses the proposed Kapolei Parkway Extension, at the North South Road intersection, parallel to the existing Ewa Nui-Campbell Estate Industrial Park 138kV overhead steel pole line.⁷ The 12.47kV overhead line currently serves only the Ewa Villages Golf Course Maintenance Facility Building.⁸ The City and County of Honolulu ("City and County") will provide the necessary underground infrastructure (i.e., ductlines and handholes) required for this project.⁹ HECO will provide the electrical facilities, which include four 50-foot wood poles, two 1-inch x 8-foot anchor rods, and approximately 1,200 circuit feet of 3-1/c 4/0 aluminum 15kV underground cable and associated splices.¹⁰ In addition, HECO will remove three 45-foot wood poles and approximately 500 circuit feet of overhead conductors.¹¹

⁷See Application at 3 and Attachment II.

⁸See Application at 2-3.

⁹See Application at 2-4.

¹⁰Id.

¹¹Id.

Cost Allocations

The total project cost is currently estimated at \$154,604¹² (excluding change-over and removal costs¹³). HECO will provide the electrical facilities, including the poles, cables, and splices, at an estimated cost of \$99,542¹⁴ (for which HECO will receive a cash contribution in aid of construction ("CIAC") of \$76,778).¹⁵ HECO's cost is approximately \$21,296.¹⁶

The City & County will provide the underground infrastructure, including ductlines, handholes, and etc. at an estimated cost of \$55,062 (in-kind CIAC).¹⁷ The City & County's total contribution to this Project is \$131,840 (\$55,062 in-kind CIAC and \$76,778 cash CIAC).¹⁸

¹²See Application at 4.

¹³Change-over and removal are non-capital items that are not included in HECO's capital cost estimates provided to the commission.

¹⁴Pursuant to Decision and Order No. 21002, filed on May 27, 2004, in Docket No. 03-0257, effective July 1, 2004, the capital expenditures threshold of General Order No. 7 was increased from \$500,000 to \$2.5 million, excluding customer contributions. Since the amount of this project is less than \$2,500,000, commission approval pursuant to paragraph 2.3(g)(2) of General Order No. 7 is not required.

¹⁵See Application at 4.

¹⁶See Application at 4-5 and the Consumer Advocate's Statement of Position at 5 indicating that HECO verbally corrected the anticipated amount.

¹⁷See Application at 4.

¹⁸See Application at 4-5.

3.

Interruption of Service

HECO anticipates that no customer outages will be required during this conversion.¹⁹

B.

Consumer Advocate's Position

On March 23, 2007, the Consumer Advocate filed its Statement of Position ("Consumer Advocate SOP"), informing the commission that it does not object to the commission's approval of HECO's request for a waiver of Rule 13. In its Statement of Position, the Consumer Advocate reviewed the reasonableness of the request and notes:

The cost sharing formula is based on [Hawaii Revised Statutes] § 264-33, which has been applied in previous dockets and found reasonable by the [c]ommission.²⁰

HECO's contribution based on an equivalent overhead placement is reasonable as the underground placement is above what [HECO] would have constructed, but for the [City and County's] request.²¹

The Consumer Advocate also recognizes that the request originated from the City and County.²² Thus, the Consumer Advocate does not

¹⁹See Application at 4.

²⁰Consumer Advocate SOP at 4.

²¹Id.

²²See Consumer Advocate SOP at 4-5.

object to commission approval of HECO's request for a waiver of Rule 13 in the instant proceeding.²³

The Consumer Advocate also notes a discrepancy in the Application with regard to the amount of HECO's contribution. On March 1, 2007, HECO indicated to the Consumer Advocate that its contribution is \$21,296 based on the actual project cost.²⁴

C.

Policies and Guidelines

By Decision and Order No. 21003, filed on May 27, 2004, in Docket No. 03-0260, the commission ordered HECO and the Consumer Advocate to develop stipulated agreements regarding policies on underground lines and requiring contributions, for the commission's review and approval.²⁵

On March 15, 2006, HECO and the Consumer Advocate submitted the following agreements: (1) Policy on Underground Lines (dated March 2006); (2) Hawaiian Electric Company's Cost Contribution for Placing Overhead Distribution Lines Underground, Guideline Summary (updated March 2006) (together with the Policy on Underground Lines, "Underground Line Policies"); and (3) Hawaiian Electric Company, Inc., Dedicated and System

²³Consumer Advocate SOP at 1 and 5.

²⁴See Consumer Advocate SOP at 5.

²⁵See Decision and Order No. 21003, filed on May 27, 2004, in Docket No. 03-0260, at 22-23.

Substation Guideline (dated March 2006) (collectively, "Policies and Guidelines").²⁶

By Order No. 22467, filed on May 16, 2006, in Docket No. 03-0260, the commission approved the Policies and Guidelines, with a slight modification to the Policy on Underground Lines.

On May 24, 2006, HECO filed its revised Policy on Underground Lines.

II.

Discussion

HECO's Policy on Underground Lines states:

HECO will convert existing overhead lines to underground lines:

As part of an eligible community or government-initiated project to underground HECO's distribution and service lines (25kV and below). Provided that monies are available, HECO shall contribute at 100% its cost, the planning, design, material procurement and construction of the electrical work (e.g., cable installation, transformers, terminations, etc.). The community and/or government agency shall perform at 100% its cost, the planning, design, material procurement and construction of the civil/structural infrastructure work (e.g., trenching, ductline construction, manholes, etc.)²⁷

²⁶The first two documents are the policies and guidelines that HECO will apply to future projects involving the installation of new underground lines or the conversion of existing overhead lines to underground. See Order No. 22467, filed on May 16, 2006, in Docket No. 03-0260, at 3. The third document applies to projects involving the construction of new system substations or new dedicated substations.

²⁷HECO's Policy on Underground Lines, filed on May 24, 2006, in Docket No. 03-0260 (certain formatting omitted).

Similarly, HECO's Cost Contribution for Placing Overhead Distribution Lines Underground, Guideline Summary, states that when converting existing overhead lines to underground lines:

HECO will perform and pay for 100% of the planning, design and construction of the electrical work for its facilities if the community and/or government are willing to perform and pay for 100% of the planning, design and construction of the ductline infrastructure to bury existing neighborhood distribution lines (25kV and below).²⁸

Upon careful review of the record, the commission finds that the Project is reasonable and in the public interest. First, it complies with the cost sharing formula in HRS § 264-33. Second, HECO's contribution amount is reasonable; as the underground placement is consistent with HECO's Policy on Underground Lines. Accordingly, the Project is consistent with the commission-approved Underground Line Policies.

Thus, the commission determines that HECO's request for a waiver from Rule 13 to allow it to contribute a net amount of \$21,296 for the Project should be approved.

III.

Orders

THE COMMISSION ORDERS:

1. HECO's request for a waiver of its tariff Rule 13 to allow HECO to contribute approximately \$21,296 for the Project is approved; provided that no part of the project may be

²⁸HECO's Cost Contribution for Placing Overhead Distribution Lines Underground, Guideline Summary, filed on March 15, 2006, in Docket No. 03-0260.

recovered from HECO's ratepayers unless and until approval for such recovery is granted by the commission in HECO's next general rate increase proceeding.

2. Within thirty (30) days after the completion of the Project, HECO shall file a final cost report with the commission and serve two (2) copies of the same on the Consumer Advocate.

3. HECO shall conform to the commission's orders set forth above. Failure to adhere to the commission's orders will constitute cause for the commission to void this Decision and Order, and may result in further regulatory action as authorized by law.

DONE at Honolulu, Hawaii APR 19 2007.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By Carlito P. Caliboso
Carlito P. Caliboso, Chairman

By John E. Cole
John E. Cole, Commissioner

APPROVED AS TO FORM:

Jodi L. K. Yi
Jodi L. K. Yi
Commission Counsel

2007-0035.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 23374 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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Karen Higashi

DATED: APR 19 2007